

PRODUCTION 5-7
Disc of Pol. Officials

10 January 1967

MEMORANDUM FOR THE RECORD

SUBJECT: Meeting with Mr. Robert Grey, Department of State

Participants: Mr. Grey, Mr. Morell and [REDACTED]

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1. The meeting with Mr. Grey was severely compressed because Mr. Grey was preparing his boss, Mr. Eugene Rostow, for an appearance on the Hill. Grey did have time, however, to lay out for us the subjects with which Rostow was currently preoccupied, as follows:

a. The Hague Meeting. This meeting will discuss further the problem of rescheduling Indonesia's debt with Free World countries. Mr. Grey noted that although Mr. Rostow was very much interested in this problem, the major burden for State was being carried by Mr. Robert Barnett. Mr. Grey said that the ORR report entitled "Soviet Agreement to Reschedule Indonesia's Debt." [REDACTED]

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[REDACTED] had been very valuable indeed, to both Rostow and Barnett.

b. The ABM Problem. Grey said that Rostow was getting increasingly immersed in this question. He suggested that Rostow's present thinking is that the United States cannot afford to take the risk that certain defensive installations now being deployed are not ABM's. In this connection, I mentioned a fairly recent NIE, some papers produced by ORR, and a recent excellent OSI report. Grey said that Rostow was interested in detail, and was prepared to read at length if necessary.

Action: EA/HR should determine which of these reports have already gone to Rostow and send any that have not to Mr. Grey. Rostow has the necessary clearances, and so now does Grey.

c. What is Happening in China? Grey was referred to yesterday morning's item in the Current Intelligence Bulletin, and told that there was current OCI reporting on this subject. Grey was not able to suggest anything that ORR might do.

d. Rhodesia. We mentioned the ORR report, "Rhodesia and Zambia -- from Voluntary to Mandatory Sanctions" in response to Gray's statement of Rostow's current interest in this topic.

Action: St/PR to make certain that a copy is sent to Mr. Rostow on elite distribution.

e. Arms to Algeria. This one surprised us a little. We mentioned the current OCI reporting.

Action: St/PR to see what we have on this subject which might profitably be sent to Mr. Grey.

2. In addition to these major current preoccupations, Grey mentioned several other areas of interest to Rostow. One was the problem of food for India. We noted that ORR had produced a piece on this subject which had appeared as a special report in conjunction with a recent issue of the Current Intelligence Weekly. Grey indicated that he had seen it. He also mentioned Rostow's interest in the tri-lateral talks and their probable outcome. In particular, he said Rostow was interested in the probable impact of a reduction in U.S. forces in Europe.

3. Mr. Grey confirmed that the East-West trade bill was probably a dead issue for this session of the Congress, though this is not yet certain. The administration plans to submit first the Outer Space Treaty and next the US-Soviet Consular Convention and then make a final decision regarding the trade bill. This is consistent with advice we have had from Mac Toon. Grey said that the Joint Economic Committee will in any event hold hearings on this subject. Mr. Morell mentioned a paper we are doing for Mr. Stoessel (Deputy Assistant Secretary for European Affairs) entitled "Prospects for US-Soviet Bloc Trade." This is being prepared for use in hearings on the trade bill as well as hearings before the Joint Economic Committee on East-West Trade. Mr. Grey said he would like to have a copy of this when it was issued. (Action: St/PR to make sure that a copy of this report is sent to Mr. Rostow on elite distribution.) Mr. Grey confirmed Mr. Morell's belief (also from Toon) that the proposed sale of a U.S. rolling mill to the USSR is a dead issue for the moment.

4. Mr. Grey ended by expressing interest in the proposal to settle the Soviet Land Lease debt to the U.S. by carrying out joint US-Soviet aid ventures utilising monies owed by the USSR to the U.S. Grey indicated that people within State who had commented on this suggestion had in general concluded that it was not a starter. There was some hope, however -- particularly on the part of Thompson and Rostow -- that joint aid ventures in India and perhaps Africa might be negotiable. Mr. Maxwell told Mr. Grey about a paper we had prepared for Mr. Malcolm Toon of State (for Thompson and Walt Rostow) on this subject; Grey was aware of its existence and planned to take steps to secure a copy.

5. He noted that Rostow had received the ORR-INR paper on the impact of multilateral trade controls, but had not yet had a chance to dive into it.

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6. We left with Grey an evaluation of [redacted] report received by Rostow that there would be a serious adverse development in the U.S. balance of payments situation in February. This was responsive to a query of Rostow during his meetings at the Agency.

[redacted]
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Chief, Economic Research Area, ORR

Distribution:

Original = ODD/I [redacted] 25X1A
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